



Highlights of [GAO-06-491](#), a report to the Chairman, Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

Congress established federal standards for the child support enforcement program (CSE) in 1975. State agencies administer the program and the Office of Child Support Enforcement (OCSE) in the Department of Health and Human Services (HHS) oversees it. The CSE program provides several services, including collecting child support payments from noncustodial parents—those who are not the primary caregivers—and distributing these payments to families. Generally, the federal government reimburses state agencies 66 percent of their costs for administering the CSE program. GAO determined (1) how total net federal expenditures for administrative costs changed from fiscal year 2000 to fiscal year 2004; (2) the categories of costs that contributed most to administrative costs in recent years; and (3) steps state agencies have taken to manage costs, and steps OCSE has taken to help state agencies and ensure federal funds have been used appropriately. GAO analyzed program data, surveyed all 54 state agencies and visited 6, interviewed program officials, and reviewed laws, policies, and reports.

What GAO Recommends

GAO recommends that HHS direct OCSE to conduct a study to develop staffing guidelines, direct resources to completing more administrative cost audits, and develop audit plans that consider expenditures. HHS stated that OCSE would consider doing a study, and OCSE has an audit plan.

www.gao.gov/cgi-bin/getrpt?GAO-06-491.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cornelia M. Ashby at (202) 512-7215 or ashbyc@gao.gov.

CHILD SUPPORT ENFORCEMENT

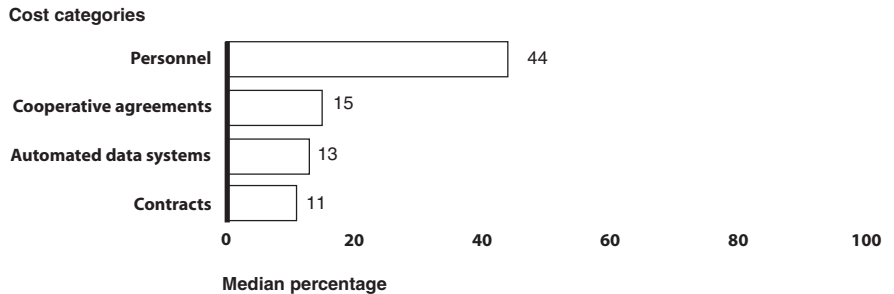
More Focus on Labor Costs and Administrative Cost Audits Could Help Reduce Federal Expenditures

What GAO Found

From fiscal year 2000 to fiscal year 2004, total net federal expenditures for administrative costs (the cost after deducting child support collections for families receiving benefits from other government programs) increased by about 23 percent. After adjusting for inflation, total net federal expenditures increased from about \$2.2 billion to \$2.8 billion. Also, during this period, collections increased by about 12 percent—from about \$19 billion to \$22 billion, and the program’s cost effectiveness measure (the ratio of collections to total administrative expenditures) increased about 4 percent.

Personnel costs were cited as a major contributor to federal expenditures for administrative costs in fiscal years 2002 to 2004 by the 49 state agencies that responded to the relevant question in our survey. Most state agencies also cited as major costs cooperative agreements under which staff from other state agencies are paid to perform CSE program duties, automated data systems, and contracts with private firms. Several of these categories involve labor costs, and from fiscal years 2000 to 2004, the number of full-time-equivalent (FTE) employees funded by the CSE program increased about 2,200. Yet, OCSE has not developed guidelines to help state agencies manage their FTEs and related labor costs.

Median Percentage of Administrative Costs for Most Frequently Cited Categories, Fiscal Years 2002 to 2004



Source: GAO survey.

State agencies reported implementing cost-saving initiatives, and while OCSE has helped state agencies manage costs, it has conducted a limited number of administrative cost audits to help ensure the appropriate use of federal funds. At least one-half of the state agencies reported implementing 7 of the 10 cost-saving initiatives listed in our survey, and many reported cost savings. To help state agencies manage their programs, OCSE issued guidance, created federal/state work groups, and sponsored conferences. OCSE is required to conduct audits of state agencies’ administrative costs, and from March 2004 to March 2006, OCSE issued eight administrative cost audit reports. All of these audit reports raised questions about inappropriate expenditures. Although OCSE expects to have more resources available to conduct audits, it does not plan to use these resources to conduct more administrative cost audits.